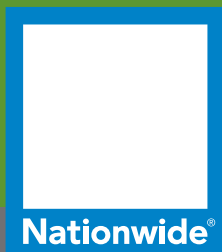


Time to catch-up

Special retirement
plan contribution
provisions for people
nearing retirement





Catch-up provisions can help you invest more

Take advantage of your remaining years of earning income by considering two special provisions designed to help people nearing retirement invest even more. Your Nationwide Representative can help you understand the provisions, time frames and contribution levels, so you can make the best decision for your individual situation.

What is Catch-Up?

Normally, your maximum total annual elective deferral limit to a 457(b) plan, 401(k) plan or 403(b) plan is the lesser of 100% of your includible compensation or \$17,500.

“Catch-up” allows eligible people to contribute more than the normal annual elective deferral limits to their 457(b), 401(k) or 403(b) plans.

There are two types of Catch-up: 401(k), 403(b) and 457 deferred compensation plans all allow Age 50+ Catch-Up. In addition, 457 plans also allow Special Catch-Up provisions.

Both options are tax-deferred until withdrawal when they are taxed as ordinary income. You can only use one of these catch-up options per plan per year.

Source: IRS Announces 2013 Pension Plan Limitations, IR-2012-77, Oct. 18, 2012



Types of catch-up

Age 50+ Catch-Up

If you contribute to a 401(k), 403(b) or 457 and will be age 50 or older by the end of the tax year, you may use the Age 50+ Catch-Up provision. You can defer up to an additional \$5,500 this year over the normal deferral limit of \$17,500. (For example, this year you may be able to contribute as much as \$23,000.)



Special 457 Catch-Up

If you are within the three years prior to your designated Normal Retirement Age*, you may be eligible for catch-up contributions through the Special 457 Catch-Up provision. If you have not contributed the maximum in the past, you may be able to increase your deferral amount up to two times the maximum contribution limit to make up for under contributing earlier in your career. (For example, this year you may be able to contribute as much as \$35,000.)

*Please see important information about designation of Normal Retirement Age on page 7.



How catch-up works

Eligibility

The Age 50+ Catch-Up is available to employees who reach the age of 50 or over in the tax year in which they are actively employed.

Special 457 Catch-Up is a one-time election to defer additional payroll dollars into your retirement plan. This may only occur during any of the three years prior to the year you will reach your designated Normal Retirement Age.

Even if you enroll in the Special 457 Catch-Up late in the first year, it still counts as one of the three eligible years. Special 457 Catch-Up is not allowed during the year in which you reach designated Normal Retirement Age.

You may change the deferral amount or cancel the Special 457 Catch-Up option at any time. However, once your Normal Retirement Age is designated, the three years prior are the only years in which you are eligible for Special 457 Catch-Up contributions.

Normal Retirement Age

For **Special 457 Catch-Up**, your Normal Retirement Age is typically the date you choose for the purpose of initiating your Special 457 Catch-Up election. This date must:

- Occur no later than age 70½
- Be no earlier than the year you would be entitled to full retirement benefits with no reduction for age or service
- Meet the parameters of Normal Retirement Age according to your employer's plan.

If you postpone your retirement beyond your designated Normal Retirement Age, you may still continue the catch-up deferral for the remainder of the three-year election period. Normal Retirement Age is not the year you separate from service. It is the year you designate as Normal Retirement Age for initiation of Special 457 Catch-Up. You may continue working past your Normal Retirement Age, but Special 457 Catch-Up contributions may not continue into the year you reach your designated Normal Retirement Age or beyond. Special 457 Catch-Up is an optional provision and available on a plan-by-plan basis. Please consult with your plan administrator for more details.

Ready to catch-up?

If you're ready to catch-up, call a Nationwide Representative today to discuss your personal situation and to find out if you're eligible to take advantage of either catch-up provision.

Your Nationwide Representative can help you with the paperwork. You may want to have previous W-2s, payroll histories and other retirement account paperwork available during your consultation.

We'll assist you in calculating how much you will be able to defer through a catch-up provision and help you with your catch-up plan.

You may not contribute more through Special 457 Catch-Up than the total you could have contributed had you maximized your contributions with your employer. Please see the examples beginning on page 10.



Catch-up examples

Joe's deferral history

Year	Deferral limit	Joe's deferral	Difference
1997	\$7,500	\$0	\$7,500
1998	\$8,000	\$0	\$8,000
1999	\$8,000	\$0	\$8,000
2000	\$8,000	\$0	\$8,000
2001	\$8,500	\$0	\$8,500
2002	\$11,000	\$11,000	\$0
2003	\$12,000	\$12,000	\$0
2004	\$13,000	\$13,000	\$0
2005	\$14,000	\$14,000	\$0
2006	\$15,000	\$15,000	\$0
2007	\$15,500	\$15,500	\$0
2008	\$15,500	\$15,500	\$0
2009	\$16,500	\$16,500	\$0
2010	\$16,500	\$16,500	\$0
2011	\$16,500	\$16,500	\$0
2012	\$17,000	\$17,000	\$0
Totals	\$202,500	\$162,500	\$40,000

Joe is 60 and has worked for his employer since 1997. He did not start contributing to his 457 account until 2002 when he was 51. Every year since, Joe has contributed the maximum normal contribution (not including 50+ contributions). Joe made no contributions to any 403(b) plan, 401(k) plan or other 457(b) plan during the years covered in this example. Joe would like to contribute as much as possible for the rest of his career. He has designated his Normal Retirement Age as 64. (Joe will turn 64 in 2015.) The chart above compares Joe's contributions to the annual contribution limits and calculates his total under-utilized deferral of \$40,000. **Please note: although Joe was eligible for 50+ contributions, they are not considered when calculating underutilized deferrals.** Joe may contribute up to an additional \$40,000 using the 457 Catch-Up during the three years prior to his designated Normal Retirement Age of 64.

Joe's Special 457 Catch-Up

Year	Regular Deferral*	Catch-up deferral	Total deferral
2013	\$17,500	\$17,500	\$35,000
2014	\$17,500	\$17,500	\$35,000
2015	\$17,500	\$5,000	\$22,500
Total	\$52,500	\$40,000	\$92,500

Joe must reduce his contributions in year 3. He can't contribute more than his total underutilized deferral of \$40,000 through 457 Catch-Up.

(Likewise, he also cannot contribute more than double the regular deferral for the 3 years prior to normal retirement age regardless of how much underutilized deferrals he had.)


If Joe decides to continue working past his Normal Retirement Age, he would be eligible to make 50+ Catch-Up contributions as long as he continues to work. If he chooses to retire during the three years prior to his Normal Retirement Age, he is still eligible to contribute the maximum contribution for that year including his 457 Catch-Up contributions.

Mary's 50+ Catch-Up

Year	Regular Deferral*	Catch-up deferral	Total deferral
2013	\$17,500	\$5,500	\$23,000

Mary turns 50 this year and would like to contribute as much as possible. She isn't ready to do Special Catch-Up, but can afford to defer more than \$17,500. This year, the maximum 50+ Catch-Up amount is \$5,500. As an active employee over 50, she may contribute up to \$23,000 this year. This example assumes that Mary is not making a 50+ Catch-Up contributions to any other plan.

*To be indexed by the Internal Revenue Service.

A person is shown from the waist down, wearing a green ribbed sweater and grey trousers. The sweater has a grey belt-like detail around the waist. The person's right hand is in their pocket, and they are wearing a gold ring. The background is a solid green color.

Your Nationwide Representative can help you determine your eligible amounts under both provisions. Contact information can be found on the business card enclosed at the end of this brochure.

Call today to get started.

Notes

Notes



1-877-NRSFORU
(1-877-677-3678)

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